

STATE OF MONTANA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

Note 1. Basis of Accounting

The assistance amounts presented in the accompanying Schedule of Expenditures of Federal Awards of the State of Montana are generally expenditures or reimbursement revenues recorded on the modified accrual basis. This method recognizes expenditures in the accounting period in which the liability is incurred and revenues when measurable and available. Assistance amounts reported on a basis other than modified accrual are discussed below.

Food Distribution Program

The amount reported for Food Distribution programs (CFDA #10.567, #10.569, #10.570 and #10.565) represent the dollar value of food commodities distributed to eligible recipients during the year. The U.S. Department of Agriculture provides the current value of the commodities used by the state to compute the amount reported. The amount of funds received to administer the program is also included in the reported amount. Montana also distributes food commodities to other states in the western region of the United States, the value of which is excluded from the reported amounts. During fiscal year 2003, Montana distributed \$532,510 of food commodities under CFDA #10.567 to other states.

The state of Montana distributed \$7,483,780 in commodities in fiscal year 2003. The value at June 30, 2003 of commodities stored at the state's warehouse is \$2,579,050 for which the state is liable in the event of loss. The state has insurance to cover this liability.

Federal Surplus Personal Property

In accordance with General Service Administration guidelines, the amount presented for Donations of Federal Surplus Personal Property (CFDA #39.003) is 23.3 percent of the original acquisition cost of the property.

Capitalization Grants for State Revolving Funds

The amount presented for the Capitalization Grants for Water Pollution Control State Revolving Fund (CFDA #66.458) represents the administrative costs expended as of June 30. The amount of loans outstanding as of June 30, 2003 in the Water Pollution Control Revolving Fund Program is \$84,695,921.

The amount presented for the Drinking Water State Revolving Fund Program (CFDA #66.468) represents administrative costs expended as of June 30, 2003. The amount of loans outstanding for the program as of June 30, 2003 is \$47,109,491

Special Economic Development and Adjustment Assistance Program

The amount presented for the Special Economic Development and Adjustment Assistance Program (CFDA #11.307) represents federal contributions, plus the administrative costs expended as of June 30. The amount of loans outstanding as of June 30, 2003 is \$617,918.

Federal Family Education Loans

The Montana Guaranteed Student Loan Program (MGSLP) guaranteed \$92,010,081 in new loans for the Federal Family Education Loans (CFDA #84.032) program during fiscal year 2003. The outstanding loan balance (including principle, accrued interest and collection costs) of loans guaranteed in previous years for which the federal government has imposed continuing compliance requirements was \$52,523,523 at June 30, 2003. The amount reported on the accompanying Schedule of Expenditures of Federal Awards represents the administrative cost allowance received for the program. In addition to the administrative cost allowance, MGSLP received or accrued revenue from the U.S. Department of Education in fiscal year 2003 of \$16,175,684 for reinsurance to pay claims for loans due to death, disability, default and bankruptcy of the debtor

Federal Perkins Loan Program – Federal Capital Contributions

The amount reported for the Federal Perkins Loan Program – Federal Capital Contributions (CFDA #84.038) represents federal contributions, plus the administrative costs, plus interest expended as of June 30, 2003. The amount of loans outstanding as of June 30, 2003 is \$28,655,367.

Nursing Student Loan Program

The amount of loans outstanding for the Nursing Student Loan Program (CFDA #93.364) as of June 30, 2003 is \$1,499,658.

Childhood Immunization Grants

The amount reported for the Childhood Immunization Grants (CFDA #93.268) includes the dollar value of vaccine doses received during fiscal year 03. The state used the CDC price list to calculate the value of doses received. During fiscal year 2003, Montana received 174,155 vaccine doses valued at \$2,734,403.

Tongue River –Northern Cheyenne Tribal Loan

The Northern Cheyenne Tribe and the Department of Natural Resources and Conservation entered into an agreement on July 1, 1994 in which the tribe agreed to loan the State of Montana \$11,300,000 of federal funds appropriated as part of the Northern Cheyenne Indian Reserved Water Rights Settlement. The loan is to assist the state in financing costs of the Tongue River Dam project. The amount presented for the Tongue River Rehabilitation Loan (CFDA 15.199) represents the amount of tribal loan funds expended on project costs during fiscal year 2003. The amount of the loan outstanding as of June 30, 2003 is \$10,141,026.

Note 2. Type A Federal Programs

The Single Audit Act Amendments of 1996 and OMB Circular A-133 establish the level of federal award expenditures to be used in defining Type A and Type B federal assistance programs. Type A programs for the state of Montana are those which total federal awards expenditures equal or exceed \$9,723,984 for the biennial period.

Note 3. CFDA #

The CFDA # assigned for each federal program listed in the Schedule of Expenditures of Federal Awards was based upon agency agreements with the federal government and the Catalog of Federal Domestic Assistance in effect during the audit period.

Programs not assigned a CFDA # in the Catalog of Federal Domestic Assistance were assigned a CFDA # in the format **.99, **.999, or **.R&D. The first two digits represent the federal agency, the third digit represents the division within the federal agency, and "R&D" designation represents a research and/or development program. Research is defined as a systematic study directed toward fuller scientific knowledge or understanding of the subject studied. The term research also includes activities involving the training of individuals in research techniques where such activities utilize the same facilities as other research and development activities and where such activities are not included in the instruction function. Development is the systematic use of knowledge and understanding gained from research directed toward the production of useful materials, devices, systems, or methods, including design and development of prototypes and processes. In cases where the federal agency does not have a designated CFDA #, the program was assigned a CFDA # in the format 99.999.

Note 4. Federal Excess Personal Property

The State of Montana receives Federal Excess Personal Property (FEPP). The title to this property remains with the federal agency. In accordance with General Services Administration guidelines, the amount presented in the FEPP is 23.3 percent of the original acquisition cost of the property. The following is a list of the FEPP received by the State of Montana.

<u>CFDA #</u>	<u>Program</u>	<u>FY03 Amount</u>	<u>Inventory</u>
10.664	Cooperative Forestry Assistance	\$67,199	\$8,226,499
12.999	Miscellaneous Non-Major	0	\$63,758
47.999	National Science Foundation	\$4,195	\$827,184

Note 5. Books for the Blind and Physically Handicapped:

The Montana State Library receives "talking book" machines, cassette books, accessories and magazines from the federal government under the Blind and

Physically Handicapped program (CFDA #42.001). These items are then distributed to provide library services to blind and physically handicapped individuals. The federal government retains title to these items. The approximate value of the items in inventory (not distributed to individuals) at June 30, 2003, was \$1,871,863. The accompanying Schedule of Expenditures of Federal Awards does not include this amount.

Note 6. Unemployment Benefits

The unemployment compensation system is a Federal-State partnership. State Unemployment Insurance laws must conform to certain provisions of the federal law. Federal funds are expended for administrative costs. State unemployment taxes must be deposited into a state account in the Federal Unemployment Trust Fund, and are used only to pay benefits. State Unemployment Insurance (UI) funds, as well as federal funds, are included on the Schedule of Expenditures of Federal Awards (SEFA).

The President of the United States of America signed the Temporary Extended Unemployment Compensation Act (TEUCA) on March 9, 2002. This act initially provided up to 13 weeks of 100 percent federally funded benefits to qualified individuals in each state. The program was due to expire on December 31, 2002, but was extended until August 30, 2003. During state fiscal year 2003, the TEUC program benefit payments totaled \$11,531,994.

The following schedule provides a breakdown of the state and federal portions of the total expenditures recorded for CFDA #17.225:

UI Administrative Costs	\$ 6,740,664
State UI Funds	75,886,511
Federal UI Funds	<u>16,609,999</u>
Total	\$99,237,174

Note 7. Subgrants to State Agencies

Federal assistance subgranted from one Montana state agency to another Montana state agency is shown only once on the Schedule of Expenditures of Federal Awards.

Federal assistance received from non-state sources which are considered subgrants by the awarding agency are treated as pass through grants to the state and are reported on the Schedule of Expenditures of Federal Awards.

Note 8. Subgrants to Non-State Entities

The following is a list of federal funds passed through from the state of Montana to non-state entities for fiscal year 2003.

CFDA Number	Program Title	Amount Provided To Subrecipient
10.025	Plant and Animal Disease, Pest Control, and Animal Care	41,131
10.200	Grants for Agricultural Research, Special Research Grants	382,424
10.206	Grants for Agricultural Research & Competitive Research Grants	138,968
10.302	Initiative for Future Agriculture and Food Systems	201,251
10.500	Cooperative Extension Service	100,954
10.550	Commodities	2,611,364
10.553	School Breakfast Program	3,486,132
10.555	National School Lunch Program	24,121,704
10.556	Special Milk Program for Children	43,898
10.557	Special Supplemental Nutrition Program for WIC	2,922,770
10.559	Summer Food Program for Children	512,907
10.560	State Administrative Expenses for Child Nutrition	161,206
10.570	Nutrition Program for the Elderly (Commodities)	720,622
10.572	WIC Farmers' Market Nutrition Program (FMNP)	45,447
10.574	Team Nutrition Grants	10,500
10.652	Forestry Research	12,243
10.664	Cooperative Forestry Assistance	1,387,222
10.665	Schools and Roads-Grants to States	12,478,757
10.672	Rural Development, Forestry, and Communities	735,700
10.773	Rural Business Opportunity Grants	38,296
10.961	Scientific Cooperation and Research	10,908
10.999	Department of Agriculture - Miscellaneous	576
11.112	Export Promotion Market Development Cooperation	17,545
12.002	Procurement Technical Assistance For Business Firms	138,014
12.300	Basic and Applied Scientific Research	32,698
12.630	Basic, Applied, and Advanced Research in Science and Engineering	2,694
12.900	Language Grant Program	75,461
12.910	Research & Technology Development	30,193
14.195	Section 8 Housing Assistance Payments Program Special Allocations	14,080,552
14.228	Community Development Block Grant/State's Program	7,483,345
14.239	Home Investment Partnerships Program	3,722,387
14.246	Community Development Block Grants/Economic Development Initiative	108,367
14.856	Lower Income Housing Assistance Program - Section 8 Moderate Rehab	135,951
14.871	Section 8 Housing Choice Vouchers	1,304,163
14.999	Miscellaneous Non-Major Program	10,000
15.034	Agriculture on Indian Lands	134,630
15.224	Cultural Resource Management	113,065
15.228	Disposal of Wildlife Surplus	89,650
15.615	Cooperative Endangered Species Conservation Fund	115,916
15.634	State Wildlife Grants	7,640
15.808	U.S. Geological Survey-Research and Data Acquisition	3,623
15.900	Miscellaneous	6,232
15.910	National Natural Landmarks Program	126,456
15.912	National Historic Landmark	64,822
15.915	Technical Preservation Services	10,200
15.916	Outdoor Recreation-Acquisition, Development and Planning	176,251
15.921	Rivers, Trails and Conservation Assistance	49,403
15.999	Miscellaneous Department of the Interior	1,034,425
16.007	State Domestic Preparedness Equipment Support Program	1,305,742
16.523	Juvenile Accountability Incentive Block Grants	1,069,950
16.540	Juvenile Justice and Delinquency Prevention: Allocation to States	598,821
16.548	Title V Delinquency Prevention Program	75,000
16.549	Part E State Challenge Activities	33,442
16.554	Public Safety Partnership and Community Policing Grants	41,320
16.575	Crime Victim Assistance	1,538,436
16.579	Byrne Formula Grant Program	1,322,363
16.588	Violence Against Women Formula Grant	705,975
16.592	Local Law Enforcement Block Grant Program	191,440
16.609	Community Prosecution and Project Safe Neighborhoods	22,500
16.710	Public Safety Partnership and Community Policing Grants	59,654
16.727	Enforcing Underage Drinking Laws Program	488,726
17.249	Employment Services and Job Training: Pilot and Demo. Programs	68,889
17.253	Welfare-to-Work Grants to States and Localities	1,944
17.255	Workforce Investment Act	4,009
17.258	WIA Adult Program	3,846,210
17.259	WIA Youth Activities	3,640,637
17.260	WIA Dislocated Workers	4,554,682

CFDA Number	Program Title	Amount Provided To Subrecipient
19.406	College & University Affiliations Program	151,949
20.106	Airport Improvement Program	131,185
20.205	Highway Planning and Construction	4,909,891
20.219	Recreational Trails	354,636
20.301	Railroad Safety	132,010
20.500	Federal Transit-Capital Investment Grants	88,000
20.505	Federal Transit Technical Studies Grant	255,403
20.507	Federal Transit Capital and Operating Assistance Formula Grant	1,450,421
20.513	Capital Assistance Program for the Elderly and Persons with Disabilities	425,085
20.514	Transit Planning and Research	107,101
20.600	State and Community Highway Safety	2,583,663
20.701	University Transportation Centers Program	89,408
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	22,107
43.000	NASA	233,034
43.001	Aerospace Education Services Program	12,000
43.002	Technology Transfer	53,684
43.999	Miscellaneous NASA	6,000
45.025	Promotion of the Arts-Partnership Agreements	409,762
45.310	Institute of Museum & Library Services - General Operating Support	83,273
47.041	Engineering Grants	2,119
47.049	Mathematical and Physical Sciences	3,785
47.050	Geosciences	45,099
47.074	Biological Sciences	46,222
47.075	Social, Behavioral, and Economic Sciences	106,006
47.076	Education and Human Resources	1,376,250
47.078	Polar Programs	134,352
59.037	Small Business Development Center	400,000
66.461	Wetland Program Development Grants	9,412
66.500	Environmental Protection: Consolidated Research	292,817
66.606	Surveys, Studies, Investigations and Special Purpose Grants	4,864
66.811	Brownfield Pilots Cooperative Agreements	23,875
81.042	Weatherization Assistance for Low-Income Persons	5,500
81.049	Office of Science Financial Assistance Program	59,976
81.104	Technology Development for Environmental Management	28,500
81.999	Miscellaneous Non Major	70,953
83.544	Public Assistance Grants	1,340,633
83.548	Hazard Mitigation Grant Program	273,374
83.552	Emergency Management Performance Grants	536,807
83.557	Pre-Disaster Mitigation	36,577
84.002	Adult Education-State Grant Program	1,277,336
84.010	Title I Grants to Local Educational Agencies	33,233,672
84.011	Migrant Education-Basic State Grant Program	905,681
84.013	Title I Program for Neglected and Delinquent Children	96,806
84.015	National Resource Centers and Fellowships Program for Language and Area or	16,250
84.027	Special Education - Grants to States	21,923,014
84.048	Vocational Education - Basic Grants to States	3,695,491
84.069	State Student Incentive Grants	161,952
84.116	Fund for the Improvement of Postsecondary Education	115,292
84.133	National Institute on Disability and Rehabilitation Research	69,232
84.153	Business and International Education	10,369
84.173	Special Education - Preschool Grants	1,222,092
84.186	Safe & Drug Free Schools and Communities - State Grants	2,161,246
84.196	Education for Homeless Children and Youth	130,989
84.213	Even Start - State Educational Agencies	1,063,255
84.215	Fund for the Improvement of Education	218,602
84.235	Special Projects & Demonstrations for Providing Vocation Rehab Services	91,002
84.243	Tech-Prep Education	336,919
84.264	Rehabilitation Training-Continuing Education	22,915
84.281	Eisenhower Professional Development State Grants	141,396
84.287	Twenty-First Century Community Learning Centers	1,219,022
84.298	Innovative Education Program Strategies	1,602,110
84.303	Technology Innovation Challenge Grants	17,444
84.318	Technology Literacy Challenge Fund Grants	1,358,460
84.323	Special Education-State Program Improvement Grants for Children with Disabilit	67,181
84.324	Special Education-Research and Innovation to Improve Services and Results for	168,150
84.330	Advanced Placement Incentive Program	137,655
84.332	Comprehensive School Reform Demonstration	267,045

CFDA Number	Program Title	Amount Provided To Subrecipient
84.334	Gaining Early Awareness and Readiness for Undergraduate Programs	642,054
84.338	Reading Excellence	4,874,607
84.339	Learning Anytime Anywhere Partnerships	126,380
84.340	Class Size Reduction	163,257
84.348	Title I Accountability Grants	319,298
84.352	School Renovation Grants	3,145,130
84.358	Rural Education Achievement Program	400,385
84.360	Dropout Prevention Programs	145,000
84.365	English Language Acquisition Grants	59,458
84.367	Improving Teacher Quality State Grants	11,998,379
93.041	Special Programs for the Aging -Title VII, Chapter 3: Prevention	18,802
93.042	Special Programs for the Aging -Title VII, Chapter 2: Long Term Care	65,087
93.043	Special Programs for the Aging - Title III, Part F: Disease Prevention	107,830
93.044	Special Programs for the Aging - Title III, Part B: Supportive Services	1,469,996
93.045	Special Programs for the Aging - Title III, Part C: Nutrition Services	2,444,086
93.052	Nation Family Caregiver Support Program	729,401
93.110	Maternal and Child Health Federal Consolidated Programs	47,992
93.113	Biological Response to Environmental Health Hazards	30,693
93.115	Biometry and Risk Estimation_Health Risks from Environmental Exposures	12,146
93.150	Projects for Assistance in Transition from Homelessness (PATH)	273,807
93.173	Research Related to Deafness and Communication Disorders	28,238
93.184	Disabilities Prevention	25,586
93.217	Family Planning Services	1,183,825
93.226	Research on Healthcare Costs, Quality and Outcomes	20,184
93.230	Consolidated Knowledge Development and Application (KD&A) Program	2,460,161
93.235	Abstinence Education	22,147
93.241	State Rural Hospital Flexibility Program	411,605
93.283	Centers for Disease Control and Prevention-Investigations and Technical Assist	241,847
93.375	Minority Biomedical Research Support	937,500
93.389	Research Infrastructure	193,208
93.556	Family Preservation and Support Services	778,819
93.558	Temporary Assistance for Needy Families (TANF)	230,242
93.566	Refugee and Entrant Assistance-State Administered Programs	86,275
93.575	Child Care and Development Block Grant	4,927,934
93.576	Refugee and Entrant Assistance-Discretionary Grants	60,914
93.590	Community-Based Family Resource and Support Grants	76,048
93.600	Head Start	123,372
93.647	Social Services Research and Demonstration	208,943
93.658	Foster Care Title IV-E	1,853,614
93.671	Family Violence Prevention and Services/Grants for Battered Women	773,997
93.674	Independent Living	171,261
93.779	Health Care Financing Research, Demonstrations, and Evaluations	111,150
93.822	Health Careers Opportunities Program	382,201
93.854	Biological Basis Research in the Neurosciences	22,834
93.901	Communications Programs for Demonstrating the Prevention of Alcohol, and Dr	392,000
93.926	Healthy Start Initiative	(21,999)
93.940	HIV Prevention Activities-Health Department Based	93,063
93.959	Block Grants for Prevention and Treatment of Substance Abuse	6,672,033
93.969	Geriatric Education Centers	17,594
93.991	Preventive Health and Health Services Block Grant	152,359
93.994	Maternal and Child Health Services Block Grant to the States	1,195,507
94.004	Learn and Serve America - School and Community Based Program	41,401
94.005	Learn and Serve America - Higher Education	17,324
94.006	Americorps	1,352,857
96.007	Social Security Research and Demonstration	75,624
99.999	Miscellaneous - Non Major	110,404
TOTAL		239,338,573